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SUBJECT: FORMULA ONE: CYPRUS INGREDIENT INVITES CONTROVERSY
IN ISTANBUL

¶1. (U) Summary: For the second year in a row, Istanbul played host to Formula One Grand Prix, the world's biggest motorsports organization with a reported fan base of approximately two billion people. Brazil's Felipe Massa edged out Spain's Fernando Alonso and race favorite Michael Schumacher to take home the victory cup in a controversial ceremony that included the "President" of the "Turkish Republic of Northern Cyprus" ("TRNC"), recognized only by the Government of Turkey (GOT) and Azerbaijan. The three-day event drew a total of 135,000 spectators, including 80,000 on the final race day -- disappointing figures compared to last year's draw (182,000 and 110,000, respectively) and pre-race expectations for 235,000 plus spectators. End Summary.

POST RACE FUMES VISIBLE FROM CYPRUS

¶2. (U) After weeks of anticipation, amplified by a barrage of advertising, including ubiquitous posters and television commercials, Formula One Grand Prix came to Istanbul 25-27 August for the 14th leg of an 18-event 2006 season. While the event was organized by Turkey's leading business federation, the Turkish Union of Chambers and Commodity Exchanges (TOBB), the Greater Istanbul Municipality, Turkey's General Directorate of Highways and the Akfirat local municipality contributed heavily to bring Formula One to Turkey by building approximately 15 miles of four to six-lane divided highway feeder roads connecting the track venue to The European Highway (TEM). Mostly new, air-conditioned city buses brought the curious from central Istanbul gathering points to the track. Glitzy kiosks at the Grandstand featured lavish new car BMW displays, Intel chips that control split-second timing in many of the race cars and, of course, a wide array of Formula One clothing and memorabilia for eager consumers. Meanwhile, on the closed loop tracks below, cars reached speeds of 226 mph as engines punched doppler effect decibels to ear-piercing levels.

¶3. (U) While competitors faced risks on the track, a game of political risk played itself out off-track as Rifat Hisarciklioglu, head of TOBB -- and frequently referred to as a possible political hopeful -- asked "TRNC" "President," Mehmet Ali Talat, if he would be willing to present the victor's cup. "Shortly before the race was over, I asked Mr. Talat to do it. We told the F1 administration as well, and they had to agree as we are the hosting country," said Hisarciklioglu according to Turkish press reports. The Greek Cypriot government immediately stated it would bring a complaint against Turkey to Formula One's oversight agency, the FIA, which announced today that it would investigate the matter. The Chairman of the Istanbul Chamber of Commerce (a subsidiary of TOBB) Murat Yalcintas, claimed that the decision was worth the risk. According to press, GOT Justice Minister and government spokesman Cemil Cicek stated

that Mr. Talat was recognized by Turkey as the "President" of the "TRNC". "That's how we see it, and as of now, it's not that important how others see it."

SHORT TERM COSTS JUSTIFY POTENTIAL LONG TERM GAINS

¶4. (SBU) Though the economic impact of this year's Formula One event in Turkey has yet to be calculated, a recent Deloitte & Touche report expected spectators to spend around 43.5 million euro (USD 55.6 million), including 27 million euro (USD 34.5 million) in spending by foreign tourists. The report also argues that Formula One should be profitable for Turkey in the long term despite its initial investment of 220 million euro (USD 281 million) for construction of Istanbul Park and an annual fee of 13.5 million euro (USD 17.3 million) payable to Formula One Administration. It is unclear whether lower than expected attendance also reflects a smaller than expected foreign spectator presence at the event. (Note: Turkish tourism as a whole decreased this summer relative to 2005 amidst an increase in PKK activity. End note.)

¶5. (SBU) Comment: Felipe Massa and his Team Ferrari may have won the race but the "TRNC" stands to be the big political victor coming out of this weekend's events. The Formula One Grand Prix series commands a television audience third only to the Football World Cup and the Olympics. And while appearing on such a large global stage may not bring the "TRNC" immediate political recognition, it is sure to increase its name recognition. Turkey, for its part, by hosting Formula One, a principal object of passion

among European sports enthusiasts, demonstrated that more than the TEM connects it to the rest of Europe. However, the last-minute decision by Hisarciklioglu -- who does not represent the GOT -- to put the "TRNC" in the limelight also fanned the flames of antipathy with the Greek Cypriots at a delicate time for Turkey's EU accession negotiations. End Comment.

JONES